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NOTES

THE EMPLOYMENT SITUATION

With a view to minimizing the volume of "temporary" maladjustment in the labor market necessarily incident to the cancellation of war contracts and the resulting discharge of war workers, an attempt has been made by the government to adjust the cancellation of contracts in the light of knowledge of the labor conditions in the chief industrial centers of the country. Shortly after the signing of the armistice, funds were placed at the disposal of the Division of Planning and Statistics of the War Industries Board for assembling information on the employment situation. Under the plan worked out telegraphic reports are received weekly from about one hundred and twenty of the larger cities of the country and published in mimeograph form under the title "Weekly Reports on Labor Conditions, Secured by the United States Employment Service (Department of Labor)" at the request of the War Department and the War Industries Board. The first report (quite inadequate) was received on November 18.

The reports for each week call for (1) the number of laborers employed that week, (2) estimated net change in the volume of employment during the ensuing week, and (3) the status of industrial relations. The reports now present, also, a Summary of Industries (to the number of fifteen), showing changes in the volume of employment during the week with estimates for the ensuing week. These industrial reports are also given for each city.

So far as the utilization of these data for a "scientific" cancellation of war contracts was concerned they have been of little, if any, value. There were four main weaknesses: (1) The number of concerns reporting varied widely during the first three weeks. The concerns reporting one week failed to report the next, but others in the same cities were added; (2) the cancellations of the War Department were based upon estimates for the ensuing week. These estimates often proved to be wide of the mark. In the first two or three weeks the estimates were unduly optimistic, reflecting the current opinions of most people that labor shortage was certain to continue. Moreover, the official interpreting the statistics did not, during the first two weeks, compare the estimates

of the preceding week with the actualities that developed;¹ (3) the War Department did not control the cancellation of foreign contracts in the same cities; (4) the data for each week tended to be out of date before the effects of the cancellation based on that data could become effective. Cancellation of a contract did not usually mean an immediate complete cessation of work. Speaking generally it was a tapering-off process, work ceasing when a contract had been completed or a portion of it completed.

Notwithstanding these weaknesses of the method, the War Department, upon the advice of the statistician in charge, proceeded to cancel contracts everywhere with great rapidity. I believe I am right in saying that in no case was a cancellation withheld through fear of resulting unemployment.

Week Ending	Number of Cities	Number of Concerns	Number of Laborers	Number Cases of Surplus	Number Cases of Shortage	Percentage Showing Surplus	Number Cases of Unsettled Industrial Relations	Number Cases of Calls for Federal Aid
Nov. 30.....	115	5,787	3,228,439	12	29	10.4	17	Data not given
Dec. 7.....	122	6,515	3,555,066	16	29	13.1	14	Data not given
Dec. 14.....	122	6,801	3,568,448	26	30	21.3	13	3
Dec. 21.....	120	6,738	3,628,833	37	25	30.8	16	8
Dec. 28.....	122	6,669	3,496,453	41	26	33.6	17	5
Jan. 4.....	121	6,846	3,499,709	48	27	39.6	13	5
Jan. 11.....	120	6,614	3,282,457	48	22	40.0	13	3
Jan. 18.....	122	6,873	3,427,000	55	18	45.1	12	

A comparison of the total number of laborers employed on December 21 and January 4 will serve to reveal what is happening in the labor market. Although the reports of January 4 are for twenty-six *more* concerns than those of December 21 (there are also some shifts in the concerns reporting), there was a reduction in the number of laborers employed amounting to 145,351. This means concretely that in these industrial cities peace-time demands are far from sufficient to absorb discharged war workers, let alone the additional labor supply that is

¹ A good illustration of the error that may result from the statistician's bias is found in the fact that upon the basis of the first two weeks' returns the statistician in charge wired his firm that conclusive evidence was at hand to show that we were entering upon a period of great prosperity, and that they should go ahead full steam.

coming from cantonments; and about 400,000 men were discharged from the cantonments in this country during those fourteen days. Some of these will return to college and many to winter quarters on the farms, but it would probably be conservative to estimate that 50 per cent of these men are entering the labor market, though not all of them of course in the industrial centers.

There are still a number of cases of labor shortage with estimated increases in the volume of employment for ensuing weeks. These are, however, often misleading and most of them will probably prove but temporary. The cancellation of contracts for certain types of work is to become effective on February 1 or February 15, or March 1, as the case may be. Meanwhile in these industries additional workers are being employed in order that as large an output as possible may be produced before the fatal day arrives.

WASHINGTON NOTES

NEW PLAN OF RAILROAD CONTROL

The next forward step in the development of a definite plan of action on the railroad question was taken on January 9, when a committee representing the railroad executives of the country, which during December had been appointed to draw up a plan of action, presented itself before the Senate and there submitted a definite program for the consideration of the Interstate Commerce Committee, which is deliberating on the whole subject of relations between the government and the railroads. During the few days prior to the submission of the plan of the railroad executives, the Interstate Commerce Commission had itself been summoned before the Senate Committee and had declared itself in the main against the five-year government control plan of former Secretary McAdoo, made public in December last. The railroads' plan calls for the return of the railroad operating properties to their private owners in the near future under a system comprising principles which may be summarized as follows:

1. Private ownership, management, and operation of the roads.
2. Transfer of all powers of control over transportation, whether interstate or intrastate, to the national government and exercise of these functions by it on a definite system.
3. Relief of the Interstate Commerce Commission from administrative duties and re-establishment of its functions as a quasi-judicial body.